

Federal Small Business Innovation Research (SBIR) & Small Business Technology Transfer (STTR) Programs

ADVANTAGES

SBIR and STTR are highly competitive national programs that fund the direct and indirect costs of eligible R&D projects. They allow small businesses to:

- Fund higher risk, early-stage R&D to start or expand a business;
- Retain full intellectual property rights;
- Retain equity ownership in their company;
- Secure cash for operations;
- Prove product feasibility, thereby reducing product risk and gaining credibility with potential investors and strategic partners;
- Gain national recognition.

PARTICIPATING AGENCIES

Eleven federal agencies provide SBIR funding:

- ✓ Department of Defense
- ✓ Department of Health & Human Services/National Institutes of Health (NIH)
- ✓ Department of Energy
- ✓ National Aeronautics & Space Administration (NASA)
- ✓ National Science Foundation
- ✓ Homeland Security
- ✓ U.S. Department of Agriculture (USDA)
- ✓ Department of Commerce
- ✓ Department of Transportation
- ✓ Department of Education
- ✓ Environmental Protection Agency (EPA)

Only the top five agencies above provide STTR funding.

OVERVIEW

With \$2 billion available nationally, the federal SBIR and STTR programs are premier funding sources for innovative R&D projects conducted by U.S. small businesses. These two programs provide grants and contracts to fund significant developments in fields such as engineering, biotechnology, medical devices, information technology, environmental science, energy, agriculture, and education. If your small business is an innovator – developing next-generation technologies, services, or products – and can provide solutions to problems of national interest, then you will want to make SBIR or STTR funding part of your product development strategy. Since 1983, Wisconsin firms have received more than 450 awards totaling over \$180 million.

SMALL BUSINESS ELIGIBILITY

To be eligible for SBIR and STTR, the business must be at least 51% American-owned, for-profit, located in the U.S., and independently operated. Company size is limited to 500 employees. All SBIR and STTR project work must be done in the U.S.

SMALL BUSINESS INNOVATION RESEARCH (SBIR) PROGRAM

The SBIR program was established both to stimulate technological innovation and to use small businesses to meet federal R&D needs.

A company must win a Phase I award to be eligible for the larger Phase II awards. Although award sizes vary by agency, SBIR guidelines are:

- Phase I awards up to \$100,000 for up to 6 months proof of concept.
- Phase II awards up to \$750,000 for up to 2 years further development.
- Commercialization (Phase III) is funded outside the SBIR program.

In addition to general eligibility requirements, businesses must meet these criteria to participate in SBIR:

- Principal investigator (project leader) primarily employed by the business at time of award and not employed full time by another institution or company.
- The majority of the SBIR project (i.e., 2/3 of Phase I project and 1/2 of Phase II project) must be done by the small business; the rest can be performed by consultants or subcontractors.

SMALL BUSINESS TECHNOLOGY TRANSFER (STTR) PROGRAM

The STTR program was established to encourage small businesses to partner with a nonprofit research institution to bring new technology to market. STTR *requires* a joint research effort between a small business and such an institution. A written intellectual property agreement between the partners must be in place at the time of an STTR application. Like SBIR, STTR is a two-phase program, with the following award guidelines:

- Up to \$100,000 for up to one-year Phase I proof of concept effort.

The SBIR program has the significantly larger pool of funds for awards.

HERE'S HELP!

Wisconsin's SBIR/STTR Outreach Office assists state small businesses with:

- SBIR/STTR orientation
- Proposal writing advice
- Proposal review
- Linkages to resources for proposal preparation
- SBIR/STTR budget advice

To access services, submit the *Confidential Application for SBIR/STTR Assistance* obtained from:

www.wisconsinsbir.org

Questions? Contact:

Ph: 1-800-940-SBDC (7232)

Other Wisconsin Resources:

Dr. Brian Curry is the SBIR/STTR Specialist for Southeastern Wisconsin

Ph: 414-232-1325

Curry@tsearlyventures.com

The Center for Technology Transfer assists with federal R&D grant application.

Ph: 608-441-6886

www.cttinc.org

GATEWAY WEB SITES

The following sites give access to the web sites of participating SBIR/STTR agencies:

- www.wisconsinsbir.org
- www.sbirworld.com
- www.zyn.com/sbir
- www.sba.gov/sbir

- Up to \$500,000 for Phase II prototype development activities.
- Phase III commercialization is funded outside the STTR program.

In addition to general eligibility requirements, companies must meet these criteria for STTR:

- Small business must perform at least 40% of the STTR project;
- Principal investigator need *not* be employed by the small business; can be employed by research partner.

The STTR research institution partner must also meet certain criteria:

- Be located in the U.S.;
- Meet one of three definitions: nonprofit college or university; domestic nonprofit research organization; or federally funded R&D center;
- Must perform at least 30% of the STTR project work.

HOW TO APPLY FOR SBIR AND STTR FUNDING

Each participating agency publishes one or more solicitations for proposal annually. SBIR and STTR solicitations list the R&D topics each agency is currently willing to fund. These topics define eligible research projects.

A company that seeks funding:

- Selects a topic that describes research the company is capable of conducting and that will advance the company's business strategy.
- Reads the solicitation's proposal writing and submission instructions.
- Writes a proposal (25-page max) that responds to the topic and adheres to the instructions – and clearly communicates expertise in the field of knowledge, specifics of the R&D project plan, and the qualifications of the company to carry out the research.
- Submits a complete proposal by the solicitation deadline date.
- Unsolicited proposals are *not* accepted in SBIR and STTR.

Each agency has its own calendar defining when solicitations open and when proposals are due. Calendars, program information and solicitations are obtained from an agency's SBIR/STTR web site.

SMALL BUSINESSES THAT SUCCEED IN SBIR AND STTR

- Have an innovative technology, or apply an existing technology in a novel way. The technology addresses a solicitation topic and has strong potential for application in commercial or government markets.
- Have a credible project team. The principal investigator (PI) and others on the team must have relevant academic credentials (engineering or advanced degrees), expertise in the field of effort, and research project management experience.
- Have facilities, or access to facilities, that can carry out the defined research project.
- Have a track record in commercializing innovation, or connection with an entity or Phase III funding source to facilitate commercialization.
- Use consultants, partners and subcontractors to build proposal strength when there is a company weakness in a certain area.
- In the proposal, demonstrate knowledge of the state-of-the-art in their scientific field. Use information resources to validate this knowledge.
- Follow *all* proposal preparation instructions in the solicitation.
- Develop and execute a realistic proposal preparation timeline.
- Seek outside proposal review before submission.